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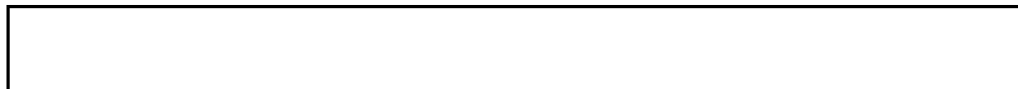


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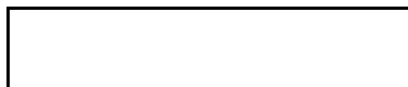
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LEBANON

Leaders of Lebanon's small, ultraconservative Christian groups have joined spokesmen for the major Christian political parties in approving, in principle, the Syrian peace initiative. None of the Christian leaders, however, has yet accepted the detailed political reforms proposed by Damascus.

The continued progress in political negotiations appears to have resulted primarily from Syrian Foreign Minister Khaddam's assurances that Palestine Liberation Army forces now in Lebanon will be returned to Syria as soon as a settlement is reached. According to press reports, Khaddam has said that some PLA troops could be returned in as little as ten days.

Prime Minister Karami has demonstrated his confidence in the negotiations by formally withdrawing his resignation. In addition, Karami is again talking about forming an expanded and more representative cabinet that would include members of Pierre Jumayyil's Phalanges Party and Kamal Jumblatt's Progressive Socialist Party.

Today is the deadline for the withdrawal of all private militiamen from Beirut streets. The separation of forces so far has proceeded on schedule, but the two most difficult areas—the hotel district and the encircled Palestinian refugee camps—have been left for last and could still cause trouble.

The Lebanese government has appealed to civil servants in all public security departments to return to work today. The internal security force, which ultimately will be responsible for maintaining civil order, virtually disappeared during the heavy fighting last week.

The security force would now have great difficulty performing even normal police functions if the Palestine Liberation Army were withdrawn from Beirut.

The Israelis have greeted the Syrian peace initiative with mixed emotions. There is general relief that the tensions over Lebanon have decreased and that the bloodshed has at least temporarily ended. On the other hand, the dominant view, as expressed yesterday by Defense Minister Peres, is that Syria has appreciably strengthened its influence in Lebanon as a result. A number of Israeli commentators express what is probably a widely held fear that this is only the first step in the process of turning Lebanon into another Arab confrontation state against Israel.

The commentaries also reflect concern that the Palestine Liberation Army units recently sent to Lebanon will not be withdrawn but instead will take up more permanent positions in southern Lebanon near the border with Israel.

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PANAMA

The Panamanian government is promoting press stories of a major breakthrough in the canal treaty negotiations to divert attention from anti-government protests.

Panamanian newspapers are headlining reports that the US has agreed to transfer the canal back to Panama in 1995, to reduce the size of the Canal Zone up to 90 percent, and to agree to inter-American arbitration of future disputes. The press implies that final agreement is near partly because of strongman Torrijos' warning to US Ambassador Bunker late last year not to return to Panama for further negotiations without specific proposals.

The government's placing such articles in the controlled press is part of an effort to draw the heat from continuing public protests against widespread arrests and exiling of prominent administration critics. Whatever help this press play is in terms of Torrijos' immediate problems, it is likely to buy him more trouble next month when the US negotiating team returns.

The Panamanians will be under considerable pressure—of their own making—to show progress in the treaty talks. Last September, Panamanian leaders fueled false expectations of a major negotiating breakthrough, and there was considerable disappointment when it did not materialize. That atmosphere helped give rise to Torrijos' public ultimatum to Bunker. If the Panamanians cannot publicly confirm major progress in February, they may again turn on the hard public line for domestic political purpose.

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USSR

The December issue of the journal of the US and Canada Institute contains an article whose arguments could be used in Moscow to underscore the wisdom of negotiating a SALT II agreement. The article discusses the decline in US defense spending and the prospects for US strategic programs, and is especially noteworthy for its non-polemical approach to trends in US defense posture.

The author, G. Svyatov, is a former naval captain now serving as chief of the military technical policy unit of the institute. His current assessment differs considerably from an evaluation of projected US strategic force levels he made in early 1974 in which the growth of the US strategic arsenal was significantly overstated. Since its founding in 1967, the US and Canada Institute has often served as a platform for Soviets who argue for improved relations with the US and hold a relatively non-doctrinaire view.

Svyatov notes that US military expenditures between 1968 and 1976 declined as a percentage of GNP from 9.5 percent to 5.8 percent; that the number of military-related personnel had dropped from 8 to 4.6 million; and that the defense budget measured in "constant prices" has been cut since 1968 by approximately 30 percent. Current expenditures on US strategic nuclear forces as compared with the early 1960s, Svyatov notes, have declined one third when measured in "constant prices."

Svyatov pays special attention to the subject of US ABM programs. He notes that the ABM site at Grand Forks is designed for "very limited defense of US territory from accidental, unsanctioned, and provocative rocket launches." Although operation of the Grand Forks complex in his view will provide valuable experience in the use of an ABM system, Svyatov indicates that the US "at least in the foreseeable future will not deploy" an ABM system designed to prevent a "retaliatory nuclear rocket strike by the USSR."

He sees the change in US strategic doctrine from a policy of "superiority" to one based upon "sufficiency" as an indication that the "US military-political leadership" realizes that strategic nuclear superiority is "unattainable and pointless." His estimate of the expected growth in US strategic nuclear capability is significantly less than an earlier projection he made in the March 1975 edition of *Morskoi Sbornik*. Svyatov at that time had indicated that the US would have 15,000 reentry vehicles in 1976; he now stretches this projection out to 15,000 perhaps by 1985, a much more realistic estimate of trends in US strategic weapons procurement.

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Svyatov comments that in recent years US defense procurement policy has favored qualitative improvements at the expense of quantitative growth. As a result "more than one half of the (US) strategic delivery systems" were replaced or modernized. Allocations for research and development, he claims, reached \$60 billion during the 1970-76 time frame, including just \$300 million for strategic cruise missiles and the proposed successor to the Minuteman ICBM, the MX ballistic missile. Svyatov indicates that the next crucial stage in the development of US defense policy, and by implication the decision on deployment of systems like MX, will be the 1977-80 fiscal years.

Svyatov is not totally sanguine about trends in the US defense effort, however. He notes that spending is now scheduled to rise 2-3 percent yearly for the rest of the decade and that the "growing military potential" of the US continues to complicate the process of achieving a stable peace.

Soviet commentary on the US defense effort has in the period since the Svyatov article continued to obscure the effects of inflation and to allege the steady growth of US defense spending. For example, a January 6 *Red Star* article entitled "Record Pentagon Budget" repeated the standard denunciations of Pentagon spending. Ignoring inflationary effects, the article noted that "Congress has appropriated for military spending \$7 billion, or 8 percent more than was appropriated in the last fiscal year."

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GREECE-TURKEY

Talks on air space rights over the Aegean, which were resumed in Athens on January 13, broke up on Saturday without any progress. Turkish insistence on advance notification of Greek military flights over a 50-mile "security zone" extending outward from Turkey's Aegean coast continued to be the main stumbling block. Athens has consistently rejected this demand as an infringement of its sovereignty over the Greek islands in the eastern Aegean unless Ankara agrees to give similar notification of Turkish military flights heading out over the Aegean from points inland.

A Greek Foreign Ministry official told the US embassy in Athens that three alternative solutions to this problem, offered by the Greeks and considered acceptable by the Turkish negotiators, were rejected by senior officials in Ankara. He complained that Ankara's attitude had dealt a serious setback to the negotiations, leading the Greek Foreign Ministry to question whether the Turks want a settlement at all.

The break-up of talks on air space rights and the continued stalemate in getting meaningful negotiations going on the Cyprus problem will probably have an adverse affect on the important talks on the Aegean continental shelf that are tentatively set to begin early next month in a Swiss city.

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FOR THE RECORD

FRANCE: Construction of a prototype nuclear-powered attack submarine will begin late this year at the Cherbourg naval shipyard, according to the French press. Appropriations for production were incorporated in the 1974 French navy budget. Three to six of the submarines are expected to be built initially, and up to 14 additional units may eventually be built. The new submarines will have a capability of attacking both surface ships and submarines in protection of supply and communication lines. They will have increased time on patrol, owing to nuclear propulsion, and will reach a sustained speed of 25 knots submerged, as opposed to 20 knots for conventional submarines.

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